

Message Text

SECRET

PAGE 01 STATE 092400

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ORIGIN SS-10

INFO OCT-01 ISO-00 /011 R

66616

DRAFTED BY: S/S-O:KBROWN

APPROVED BY: S:LEAGLEBURGER

S/S-O:GTWOHIE

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O 052012Z MAY 74 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY AMMAN IMMEDIATE

S E C R E T STATE 092400

EXDIS, TOSEC 269

FOR MAW

FOLLOWING TEL SENT ACTION SECSTATE WASHDC FROM KINGSTON

MAY 05:

QUOTE S E C R E T KINGSTON 1571

EXDIS

EO 11652: GDS

TAGS: PINT EMIN US JM

SUBJ: BAUXITE SITRET 39

PASS TO OPIC

1. CHARGE MET FOR NEARLY TWO HOURS THIS MORNING WITH
MAYER MATALON AT HIS HOME TO REVIEW THE RECORD OF THE
NEGOTIATIONS TO DATE AND CONSIDER FUTURE DEVELOPMENTS. MATALON
RE-PLOWED MUCH FAMILIAR GROUND INCLUDING A DETAILED EXPOSITION
ONCE AGAIN OF THE GOVERNMENTS POSITION AND THE MANNER
IN WHICH IT WAS DEVELOPED. HOWEVER FOLLOWING INFORMATION OF
IMMEDIATE IMPORTANCE WAS DEVELOPED:

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PAGE 02 STATE 092400

--MATALON REPORTED TO PRIME MINISTER MANLEY FRIDAY. PM DECIDED

HE COULD NOT TAKE RESPONSIBILITY FOR A DECISION TO BREAK OFF NEGOTIATIONS AND GO TO LEGISLATION AND SCHEDULED A FULL CABINET MEETING FOR MONDAY NIGHT TO CONSIDER THE MATTER.

--NEVERTHELESS HE FELT HE DID HAVE A COMMITMENT TO THE SECRETARY NOT TO TAKE UNILATERAL ACTION UNTIL THE SECRETARY HAD RETURNED FROM THE MIDDLE EAST AND HAD AN OPPORTUNITY TO CONSULT WITH THE PM IF HE WISHED TO DO SO (INITIATIVE CLEARLY LEFT TO THE SECRETARY).

--SINCE THE GOVERNMENT FELT IT COULD NOT COMPLETE ITS BUDGET UNTIL THERE HAD BEEN SOME KIND OF RESOLUTION OF ABUXITE REVENUE ISSUES, WHETHER BY NEGOTIATION OR LEGISLATION, BUDGET PRESENTATION TO PARLIAMENT WOULD BE RE-SCHEDULED FOR MAY 15 INSTEAD OF MAY 8.

--AMBASSADOR FLETCHER WOULD SEEK AN APPOINTMENT WITH EAGLEBURGER ON MONDAY, MAY 6 TO EXPLAIN THE ABOVE.

2. IN ADDITION THE FOLLOWING POINTS EMERGED FROM THE DISCUSSION, LESS EXPLICITLY BUT STILL FAIRLY CLEARLY:

--MATALON HAD LOST ANY FAITH HE MGGHT HAVE HAD IN THE HONESTY AND SINCERITY OF THE INDUSTRY IN SEEKING A NEGOTIATED SOLUTION. HE CITED NUMEROUS EXAMPLES OF ALLEGEDLY DISHONEST STATEMENTS, FUDGED FIGURES, AND SO ON.

--IT WAS NOT TRUE, AS THE INDUSTRY CONTENDED, THAT HE WAS INFLEXIBLE IN HIS DEMANDS. HE INDICATED THAT HE HAD OFFERED A FORMULA PERMITTING HIS FIGURE TO BE REACHED OVER A FOUR YEAR PERIOD, AGREED TO BASE HIS FORMULA ON THE UNITED STATES RATHER THAN A WORLD MARKET PRICE, OFFERED A SCHEME OF DIFFERENTIAL PAYMENTS FOR DIFFERENT QUALITIES OF ORE, AND SUGGESTED A DE-ESCALATOR CLAUSE WHICH WOULD LOWER THE JAMAICAN SHARE IN THE PRICE OF PRIMARY METAL FROM HIS BASIS 8.75 PERCENT TO AROUND 4 PERCENT IF THE PRICE FELL TO 21 CENTS PER POUND PROVIDING THE INDUSTRY ACCEPTED AN ESCALATOR CLAUSE AT PRICES ABOVE 35 CENTS PER POUND OF PRIMARY METAL.

SECRET

SECRET

PAGE 03 STATE 092400

--NEGOTIATIONS HAD NOT BEEN BROKEN OFF AND, INDEED, HE AND CUTLER HAD RIGGED A CAREFUL SCENARIO IN A PRIVATE MEETING LAST THURSDAY TO LEAVE THE DOOR OPEN FOR FURTHER NEGOTIATIONS IF THIS PROVED FEASIBLE. HOWEVER MATALON MADE CLEAR THAT FURTHER NEGOTIATIONS WOULD NOT BE FRUITFUL UNLESS THE INDUSTRY "SAW REALITY".

--HE WOULD BE QUITE WILLING TO STEP ASIDE IF THE PM WISHED HIM TO DO SO (AND (AND THAT HE WOULD CERTAINLY DO SO IF THE GOVERNMENT AGREED TO LOWER ITS DEMANDS).

--THE GOVERNMENT WAS WILLING TO TAKE A LOOK AT A NEW MECHANISM IF IT HAD SOME PROMISE OF SUCCESS, BUT THAT THE KEY FACTOR WAS TIME AND HE DID NOT SEE HOW A NEW MECHANISM AND NEW PERSONALITIES COULD PRODUCE THE NECESSARY SOLUTION IN TIME.

3. CHARGE TOOK ADVANTAGE OF THE OPPORTUNITY TO ONCE AGAIN EMPHASIZE THAT WE HOPED A SOLUTION BY NEGOTIATION COULD BE ACHIEVED IN A WAY THAT WOULD NOT DRAW THE UNITED STATES GOVERNMENT INTO THE DISPUTE, SAYING THAT, WHILE TIME WAS AN IMPORTANT FACTOR UNDOUBTEDLY, THE ONLY COST OF CONTINUING TO NEGOTIATE WHILE THERE WAS A REASONABLE HOPE OF AN ULTIMATE SOLUTION WAS LOST TIME, WHILE THE COSTS OF UNILATERAL ACTION NOW WERE AT BEST UNPREDICTABLE AND AT WORST COULD BE VERY SERIOUS INDEED. MATALON PROMISED TO REPORT THESE OBSERVATIONS TO THE PM BEFORE TOMORROW'S CABINET MEETING. HEWITT UNQUOTE RUSH

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